

Cancer Support Community Arizona

Audited Financial Statements

Year Ended December 31, 2022

(with comparative totals for the year ended December 31, 2021)

Stevenson CPA LLC
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INDEPENDENT AUDITORS' REPORT

24 W Camelback Rd

Suite A568

Phoenix, AZ 85013

To the Board of Directors
Cancer Support Community Arizona
360 East Palm Lane
Phoenix, AZ 85004

Opinion

We have audited the financial statements of Cancer Support Community Arizona, which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cancer Support Community Arizona as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cancer Support Community Arizona and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cancer Support Community Arizona's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

STEVENSON CPA, LLC

Nonprofit Accounting Specialists

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cancer Support Community Arizona's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cancer Support Community Arizona's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Cancer Support Community Arizona's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stevenson CPA LLC

Phoenix, AZ

June 20, 2023

Cancer Support Community Arizona
Statement of Financial Position
As of December 31, 2022
(with comparative totals as of December 31, 2021)

	2022	2021
Assets		
Current assets		
Cash & cash equivalents	\$ 480,276	\$ 1,377,824
Investments	813,290	410,959
Total current assets	1,293,566	1,788,783
Other assets		
Accounts receivable	25,000	12,500
Contributions receivable	111,887	28,060
Prepaid expenses	11,300	10,436
Security deposit	2,919	5,059
Total other assets	151,106	56,055
Fixed assets		
Right of use asset	124,441	-
Property & equipment, net	1,510,684	1,526,254
Total fixed assets	1,635,125	1,526,254
Total assets	3,079,797	3,371,092
Liabilities & net assets		
Current liabilities		
Accounts payable	7,354	49,206
Accrued payroll liabilities	56,255	45,316
Due to others	6,300	-
Lease liability	40,125	-
Total current liabilities	110,034	94,522
Long-term liabilities		
Lease liability	86,972	-
Total liabilities	197,006	94,522
Net assets		
With donor restrictions	190,861	199,086
Without donor restrictions		
Board designated	315,973	396,959
Undesignated	2,375,957	2,680,525
Total without donor restrictions	2,691,930	3,077,484
Total net assets	2,882,791	3,276,570
Total liabilities & net assets	\$ 3,079,797	\$ 3,371,092

The accompanying notes are an integral part of these financial statements.

Cancer Support Community Arizona
Statement of Activities
For the Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support & revenue				
Contributions & bequests	\$ 585,189	\$ -	\$ 585,189	\$ 963,648
Grants	305,640	176,861	482,501	462,646
Strategic partnership contracts	309,646	-	309,646	179,526
In-kind contributions	226,639	-	226,639	90,702
Investment earnings (loss), net	(97,669)	-	(97,669)	68,014
Other income	3,352	-	3,352	3,422
Special event revenue	280,725	-	280,725	227,251
Less: cost of direct donor benefits	(28,569)	-	(28,569)	(13,941)
Special event revenue, net	252,156	-	252,156	213,310
Net assets released from restrictions	185,086	(185,086)	-	-
Total support & revenue	1,770,039	(8,225)	1,761,814	1,981,268
Expenses				
Program	1,441,677	-	1,441,677	935,115
Management & General	304,482	-	304,482	185,020
Fundraising	409,434	-	409,434	445,590
Total expenses	2,155,593	-	2,155,593	1,565,725
Changes in net assets	(385,554)	(8,225)	(393,779)	415,543
Net assets, beginning of year	3,077,484	199,086	3,276,570	2,861,027
Net assets, end of year	\$ 2,691,930	\$ 190,861	\$ 2,882,791	\$ 3,276,570

The accompanying notes are an integral part of these financial statements.

Cancer Support Community Arizona
Statement of Functional Expenses
For the Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021)

	2022			2021	
	Program	Management & General	Fundraising	Total	Total
Expenses					
Salaries & wages	\$ 692,560	\$ 158,691	\$ 222,952	\$ 1,074,203	\$ 772,575
Payroll taxes	62,325	13,011	17,098	92,434	61,675
Payroll benefits	44,115	13,126	18,733	75,974	68,385
Total payroll expenses	799,000	184,828	258,783	1,242,611	902,635
Accounting	-	74,562	-	74,562	59,729
Banking fees	1,034	6,201	18,604	25,839	13,249
Community events & relations	1,331	60	3,371	4,762	4,206
Computer & website	15,483	11,293	8,313	35,089	19,858
Depreciation	29,699	1,714	1,714	33,127	33,519
Direct assistance	43,798	-	-	43,798	-
Dues & subscriptions	21,733	174	940	22,847	18,701
Event expense	-	-	29,183	29,183	59,767
Facility & vehicle maintenance	17,400	1,535	1,535	20,470	27,656
Fund development	-	-	100	100	32,426
Grant writing	-	-	36,000	36,000	33,000
Insurance	49,317	8,894	4,985	63,196	33,793
Legal	31,446	-	-	31,446	-
Marketing	63,037	-	14,616	77,653	41,015
Occupancy	70,117	6,187	6,187	82,491	64,653
Printing & postage	1,491	222	2,883	4,596	6,097
Professional fees	105,983	34	19,625	125,642	157,732
Supplies & materials	163,876	1,317	389	165,582	46,825
Travel & meeting	26,932	7,461	2,206	36,599	10,864
Total expenses	\$ 1,441,677	\$ 304,482	\$ 409,434	\$ 2,155,593	\$ 1,565,725

The accompanying notes are an integral part of these financial statements.

Cancer Support Community Arizona
Statement of Cash Flows
For the Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ (393,779)	\$ 415,543
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	33,127	33,519
Loss on reconciliation of property & equipment	-	697
(Increase) contributed property & equipment capitalized	(17,558)	-
Decrease (increase) in investment account, net	90,115	(68,014)
(Increase) in accounts receivable	(12,500)	(12,500)
(Increase) decrease in contributions receivable	(83,827)	30,240
(Increase) in prepaid expenses	(864)	(2,100)
Decrease (increase) in security deposit	2,140	(2,140)
Decrease in carrying amount of right of use assets	39,668	-
(Decrease) in accounts payable	(41,852)	(16,370)
Increase in accrued payroll liabilities	10,939	44,816
Increase in due to others	6,300	-
Increase in accrued expenses	-	7,571
(Decrease) in deferred revenue	-	(84,167)
(Decrease) in lease liability	(39,578)	-
Net cash (used for) provided by operating activities	(407,669)	347,095
Investing activities		
Capitalization of right of use assets	(164,109)	-
Purchase of investments	(561,939)	-
Proceeds from sales of investments	69,494	-
Net cash (used for) investing activities	(656,554)	-
Financing activities		
Capitalization of lease liabilities	166,675	-
Net cash provided by financing activities	166,675	-
Net change in cash and cash equivalents	(897,548)	347,095
Cash & cash equivalents		
Beginning of year	1,377,824	1,030,729
End of year	<u>\$ 480,276</u>	<u>\$ 1,377,824</u>
Supplemental disclosure of cash flow information		
Cash paid for interest & taxes	\$ -	\$ -
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 41,321	\$ -
Noncash financing and investing cash flow (post adoption)		
Right of use assets obtained in exchange for lease obligation:		
Operating leases	\$ 164,109	\$ -

The accompanying notes are an integral part of these financial statements.

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cancer Support Community – Arizona (“CSCAZ” or the “Organization”) is a 501(c)(3) nonprofit organization founded in 1997, whose mission is to help cancer patients and their loved ones confront the illness and fight for recovery to the greatest extent possible in partnership with their health care providers and care givers. The Organization’s programs offer educational, psychological, social and emotional support services at no cost to those who attend (the Participant). The Organization is a place where lives affected by cancer can come and find people helping and supporting one another as a community of cancer patients, family, and friends working together towards recovery. The Organization supports its programs through contributions, bequests, strategic partnerships, and grants and is one of over 50 chapters affiliated through a national organization, the Cancer Support Community.

All programs are designed to help those, with cancer, fight for their recovery and, at the very least, improve the quality of their lives. The Organization provides a full range of support services for adults, teens, children, and families in a comfortable home-like setting. Serving people with all types of cancer and at any stage of the disease, the Organization provides professionally-facilitated support groups, educational workshops, exercise activities and nutritional classes, stress management sessions, lectures by experts in the field, and social activities to reduce social isolation. The programs are research based to ensure a “Gold Standard Support Program” and combines the skill of the physician with the will of the patient as follows:

Support services

The Organization facilitates participant meetings with others who are dealing with a cancer diagnosis to share similar experiences, questions, and emotions, and to provide access to onsite and online resource libraries for information about local and national resources. Participants can expect to explore new ways of dealing with the stresses of cancer and ways to become an empowered advocate for themselves. Support groups are facilitated by licensed mental health professionals.

Healthy lifestyle

These activities help the participant become more engaged in mind-body stress reduction, exercise, nutrition, and health maintenance. These groups involve active participation as the participants learn skills to manage stress, relax, tone, strengthen their body, and improve their overall health.

Education

The educational workshops and lectures help the participant understand how to manage cancer and its treatment. Experts from various disciplines provide the most updated information regarding cancer care to help the participant become more informed and active in their treatment decisions.

Social connections

These activities are to help reduce social isolation through interaction, play, and humor.

Resource and referral

These services provide support by providing personalized assistance and referral to resources within the Cancer Support Community and in the broader community as needed.

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts and Contributions Receivable

Accounts receivable consists of amounts earned through Strategic Partnership contracts that have not yet been received. Contributions receivable consists of grants promised to the organization but not yet received.

The Organization records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

An allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Based on management's evaluation of the receivables at December 31, 2022, management expects the amounts to be fully collectible and therefore has not established an allowance for uncollectible receivables.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment income is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment advisory fees.

Financial Instruments and Credit Risk

The Organization maintains its cash balances at institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed federally insured limits. The Organization has not experienced any losses on such balances.

The Organization's investments are not insured by the FDIC and are subject to various risks such as interest rate, credit and overall market volatility. Adverse economic conditions may result in a reduction of the investment's carrying amount. It is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the Statement of Financial Position.

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Organization records property and equipment additions more than \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Buildings	39 years
Building improvements	5 - 10 years
Furnishings and equipment	5 - 7 years

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indications of asset impairments during the year ended December 31, 2022 or 2021.

Leases

At the beginning of an agreement or transaction, CSCAZ evaluates the arrangement for whether it contains a lease. When a lease is present and the term of the lease is greater than 12 months, the right-of-use (ROU) asset and lease liability are included on the Statement of Financial Position. These assets and liabilities represent the present value of the future minimum lease payments over the lease term. A discount rate is determined using the risk-free rate at the commencement date of the lease and is used in all present value calculations, including leases. For leases with terms less than 12 months, the lease payments are recorded as lease expense on a straight-line basis over the life of the lease.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor- imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Some donor- imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Contributed Revenue – Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions, pledges and grants are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as with donor restriction thereby increasing that net asset class. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Earned Revenue – Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively and are reported as Strategic partnership contracts in the Statement of Activities.

Special Event – The Organization holds multiple special events each year. The largest of these being the Annual Porch Party. A portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. The fair value of meals and beverages provided at the special event is measured at the actual cost to the Organization. The proceeds and direct costs of the special events which ultimately benefit the donor rather than the Organization are recorded as special events revenues and costs of direct donor benefits. All proceeds received in excess of the direct costs are recorded as gross profit on special events in the accompanying statement of activities.

Donated Services and In-kind Contributions

Contributions of materials and professional services are recorded at their estimated values on the date of the contribution if they enhance the Organization’s nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by a contribution.

Marketing Costs

Marketing costs are expensed as incurred and were \$77,653 and \$41,015 for the years ended December 31, 2022 and 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. When appropriate, expenses are charged directly to one of the major classes. Indirect expenses have been allocated according to the activity and functionality related to their utilization based upon management’s estimate of use.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and related, insurance, facility, and occupancy, all of which are allocated based on estimates of time and effort or estimated square footage utilized by the program or function, where appropriate.

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Organization is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code and as an Organization described, in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax, Form 990, with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax, and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and those differences could be material.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent Accounting Guidance

In June 2021, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets, requires not-for-profits to present contributed non-financial assets as a separate line item in the Statement of Activities and provide additional disclosures about contributions of non-financial assets. Contributed non-financial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for the Organization for the year ended December 31, 2022.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the Statement of Financial Position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated Statement of Activities. The standard is effective for the Organization for the year ended December 31, 2022. Upon adoption, the Organization elected the package of practical expedients that permits no reassessment at adoption of (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. Upon implementation of this standard, the Organization recognized operating lease liabilities of \$166,675, which represents the present value of the future lease payments discounted using the risk-free treasury rate at the month of lease commencement, averaging 1.21%, and a right of use asset of \$164,109 on the Statement of Financial Position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the Statement of Activities for the year ended December 31, 2022.

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through June 20, 2023, the date on which the financial statements were available to be issued. No significant events that would be expected to materially impact the financial statements were identified.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 480,276	\$ 1,377,824
Investments	813,290	410,959
Accounts and contributions receivable	136,887	40,560
Total financial assets	1,430,453	1,829,343
Less financial assets designated by the Board for endowment (note 4):	315,973	396,959
Less financial assets held to meet donor imposed restrictions (note 10):	190,861	199,086
Total amount available for general expenditures within one year	\$ <u>923,619</u>	\$ <u>1,233,298</u>

NOTE 3 – INVESTMENTS

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The organization classifies its investments as level 3 as they are held in a pool by Arizona Community Foundation and which the organization uses at least one significant unobservable input to determine their value.

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 3 – INVESTMENTS (continued)

Investments consist of the following at December 31:

	2022			
	Level 1	Level 2	Level 3	Total
Assets held at Community Foundation	\$ -	\$ -	\$ 329,973	\$ 329,973
Exchange traded funds	267,079	-	-	267,079
Equities	135,853	-	-	135,853
Bonds	50,106	-	-	50,106
Other assets	17,621	-	-	17,621
Cash	12,658	-	-	12,658
Total	\$ 483,317	\$ -	\$ 329,973	\$ 813,290

Investments consist of the following at December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Assets held at Community Foundation	\$ -	\$ -	\$ 410,959	\$ 410,959
Total	\$ -	\$ -	\$ 410,959	\$ 410,959

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)		
	Endowment	Board Quasi Endowment	Total
Balance at December 31, 2020	\$ 14,000	\$ 328,945	\$ 342,945
Purchases/contributions	-	-	-
Investment return, net	-	68,014	68,014
Deposits/Additions (withdrawals)	-	-	-
Balance at December 31, 2021	\$ 14,000	\$ 396,959	\$ 410,959
Purchases/contributions	-	-	-
Investment return (loss), net	-	(80,986)	(80,986)
Deposits/Additions (withdrawals)	-	-	-
Ending Balance at December 31, 2022	\$ 14,000	\$ 315,973	\$ 329,973

Cancer Support Community Arizona
Notes to the Financial Statements
For the Year Ended December 31, 2022
(with summarized information for the year ended 2021)

NOTE 4 - ENDOWMENT AND BOARD DESIGNATED FUNDS

Cancer Support Community Arizona's endowment consists of two components to provide annual funding for specific activities and general operations, the Endowment fund and the Board Designated Fund. The Board Designated funds are classified as without donor restrictions. Any gains or earnings from the commingled investment account are considered without donor restrictions unless otherwise designated by the Board.

The Board of Directors of Cancer Support Community Arizona follows Arizona's Management of Charitable Funds Act (the Act), which is patterned after and is in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which requires the preservation of the fair value of the original Endowment fund gift, as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021 there were no such donor stipulations.

When a donor's intent is not expressed, the Act directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continue in perpetuity. In accordance with the Act, we retain in perpetuity and classify as net assets with donor restriction (a) the original value of initial and subsequent gift amounts donated to the Endowment fund and (b) any accumulations to the Endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Cancer Support Community Arizona in a manner consistent with the standard of prudence prescribed by the Act. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Cancer Support Community Arizona and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Cancer Support Community Arizona
- The investment policies of Cancer Support Community Arizona

Cancer Support Community Arizona
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(with summarized information for the year ended 2021)

NOTE 4 - ENDOWMENT AND BOARD DESIGNATED FUNDS (continued)

The Organization had the following endowment net asset composition by type of fund:

	With Donor Restrictions	Without Donor Restrictions	Total
December 31, 2022			
Board-designated endowment funds	\$ -	\$ 328,945	\$ 328,945
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	10,000	-	10,000
Accumulated investment gains (losses)	4,000	(12,972)	(8,972)
	\$ 14,000	\$ 315,973	\$ 329,973
December 31, 2021			
Board-designated endowment funds	\$ -	\$ 328,945	\$ 328,945
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	10,000	-	10,000
Accumulated investment gains	4,000	68,014	72,014
	\$ 14,000	\$ 396,959	\$ 410,959

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted the Act and UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies in the fund during the year or at the years ended December 31, 2022 or 2021.

Investment and Spending Policies

The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Cancer Support Community Arizona
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NOTE 4 - ENDOWMENT AND BOARD DESIGNATED FUNDS (continued)

Changes in endowment net assets are as follows:

	With Donor Restrictions	Without Donor Restrictions	Total
Year ended December 31, 2022			
Endowment net assets, beginning of year	\$ 14,000	\$ 396,959	\$ 410,959
Investment return (loss), net	-	(80,986)	(80,986)
Endowment net assets, end of year	\$ 14,000	\$ 315,973	\$ 329,973
Year ended December 31, 2021			
Endowment net assets, beginning of year	\$ 14,000	\$ 328,945	\$ 342,945
Investment return, net	-	68,014	68,014
Endowment net assets, end of year	\$ 14,000	\$ 396,959	\$ 410,959

NOTE 5 – ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts and contributions receivable are estimated to be collected as follows at December 31:

	2022	2021
Within one year	\$ 132,451	\$ 40,560
In one to five years	-	-
Over five years	-	-
Total	\$ 132,451	\$ 40,560

Three donors accounted for 70% of total contributions receivable, at December 31, 2022 while two donors accounted for 100% of the contributions receivable balance at December 31, 2021. \$25,000 and \$0 of the receivable balance was restricted by donor specific purposes as of December 31, 2022 and 2021, respectively.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Land	\$ 963,853	\$ 963,853
Building and improvements	886,583	886,583
Furniture and equipment	69,956	52,398
Vehicles	32,574	32,574
Software	5,850	5,850
Total property and equipment	1,958,816	1,941,258
Less accumulated depreciation	(448,132)	(415,004)
Property and equipment, net	\$ 1,510,684	\$ 1,526,254

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NOTE 7 – LINE OF CREDIT

The Organization has open and active credit card accounts issued by one financial institution with an aggregate credit limit of \$25,000. Unpaid balances are reported as accounts payable.

NOTE 8 – NOTES PAYABLE

During the year ended December 31, 2021, the Organization received forgiveness from the Small Business Administration of the 2nd note obtained through the Paycheck Protection Program of \$200,000 funded through Itria Ventures LLC. The amount was recognized as revenue and reported in grants on the Statement of Activities.

NOTE 9 - LEASES

The Organization leases office space, which expires in 2026, and office equipment, which expires in 2025. Both leases are classified as operating leases under ASC 842. The right-of-use (ROU) asset and corresponding liability associated with future lease payments as of the year ended December 31, 2022:

		Operating
Right of use asset	\$	124,441
Lease liability	\$	127,097
Weighted average:		
Discount rate		1.21%
Remaining lease term		3 years & 1 month

For the year ended December 31, 2022, total operating lease cost was \$43,065 and cash paid for rent was \$41,321.

Future maturities of lease liabilities are as follows:

Year ending December 31,	Office Space	Office Equipment	Total
2023	\$ 34,656	\$ 5,469	\$ 40,125
2024	35,944	5,490	41,434
2025	37,345	5,052	42,397
2026	3,141	-	3,141
2027	-	-	-
Thereafter	-	-	-
Total	\$ 111,086	\$ 16,011	\$ 127,097

In adopting ASC 842, the Organization elected the practical expedient of not reassessing past leases. As such the following disclosure information is required under ASC 840 for the year end December 31, 2021.

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NOTE 9 - LEASES (continued)

Rent expense under FASB ASC 840 was \$29,967 for the year ended December 31, 2021. The future minimum lease payments as of December 31, 2021:

Year ending December 31,	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2022	\$ 35,829	\$ 5,520	\$ 41,349
2023	2,992	5,520	8,512
2024	-	5,520	5,520
2025	-	5,520	5,520
2026	-	-	-
Thereafter	-	-	-
Total	\$ 38,821	\$ 22,080	\$ 60,901

In the normal course of business, operating leases are generally renewed or replaced by other leases.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Bilingual navigators program	\$ 79,491	\$ 164,086
Breast Cancer Support Group Facilitation	1,000	-
Healthy Lifestyle Classes in Williams	2,400	-
Prostate cancer direct assistance	970	-
Sedona services	8,000	-
Tuba City Health Center	35,000	-
Communications	-	6,000
NAZ Teen Cancer Program and administration	-	15,000
	<u>126,861</u>	<u>185,086</u>
Subject to expenditure for a specified time and purpose		
General Operating 2023	50,000	-
	<u>50,000</u>	<u>-</u>
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
General Use	4,000	4,000
Not subject to spending policy or appropriation		
Endowment Corpus - held in perpetuity	10,000	10,000
	<u>14,000</u>	<u>14,000</u>
Total net assets with donor restrictions	\$ 190,861	\$ 199,086

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NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows for the year ended December 31:

	2022	2021
Expiration of time restrictions	\$ -	\$ 58,300
Satisfaction of purpose restrictions	-	-
Bilingual navigators program	164,086	-
Communications	6,000	-
NAZ Teen Cancer program & administration	15,000	-
Survivorship on the Go	-	24,822
Virtual Groups	-	5,000
Total net assets with donor restrictions released	\$ 185,086	\$ 88,122

Amounts received and released by satisfying donor conditions or purpose restrictions in the current year are reported in without donor restrictions and totaled \$398,202 and \$137,550 during the year ended December 31, 2022 and 2021, respectively.

NOTE 11 - CONCENTRATION OF REVENUE

The Organization receives its revenue primarily from contributions and earned revenue. The concentrations of revenue for the Organization are as follows for the year ended December 31:

	2022	2021
Contributions & bequests	32%	48%
Grants	26%	23%
Strategic partnership contracts	17%	9%
Special event revenue, net	14%	11%
In-kind contributions	12%	5%
Other income	0%	1%
Investment earnings, net	0%	3%
Total	100%	100%

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NOTE 12 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about changes in deferred revenue for the year ended December 31:

	2022	2021
Deferred revenue, beginning of year	\$ -	\$ 84,167
Revenue recognized that was included in deferred revenue at the beginning of year	-	(84,167)
Increases in deferred revenue due to cash received during the year	-	-
Deferred revenue, end of year	\$ -	\$ -

NOTE 13 – DONATED PROFESSIONAL SERVICES AND MATERIALS

The Organization received the following donated professional services and in-kind contributions:

	Program	Management & General	Fundraising	Total
December 31, 2022				
Facility	\$ 623	\$ 55	\$ 55	\$ 733
Legal	31,446	-	-	31,446
Professional fees	19,326	-	8,190	27,516
Supplies & materials	149,386	-	-	149,386
Total	\$ 200,781	\$ 55	\$ 8,245	\$ 209,781
December 31, 2021				
Event expense	\$ -	\$ -	\$ 10,397	\$ 10,397
Facility	2,984	263	263	3,510
Professional fees	35,754	14,362	424	50,540
Supplies & materials	26,255	-	-	26,255
Total	\$ 64,993	\$ 14,625	\$ 11,084	\$ 90,702

Additionally, during the year ended December 31, 2022, two air conditioning units, with a fair market value of \$17,558 as determined by the donor, were donated and capitalized.

NOTE 14 – EMPLOYEE BENEFITS

The Organization sponsors a 401(k) employee only retirement plan. CSCAZ does not make matching contributions or profit-sharing contributions. The Organization contracts with a third-party PEO that owns and administers the 401(k). Enrollment in the 401(k) plan is available for full time employees after six months of continuous employment with the Organization. Other employees may be eligible as well, at the discretion of the Organization.